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Cote d'Ivoire

Coffee

Annual

2001

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Report Highlights:
Post forecasts 2001/2002 coffee production to increase due to fairly good rainfall and the fact that production falls at the upper side of the alternate cycle of coffee production. The 2000/2001 coffee marketing season is the second of very low producer prices resulting from falling world market prices. Limited marketing options have increased farmers' on-farm coffee holdings. Exports are expected to fall in CY 2001 due to the slump in world market prices.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Coffee production is forecast to increase in 2001/2002 due to fairly good rainfall and the fact that production falls at the upper side of the alternate cycle of coffee production. However, the expected increased production will be moderated by unsatisfactory rains in certain producing areas and poor farm maintenance. Field visits indicate that there are more cherries on trees than the same period last year. But several farms have been overtaken by the bush and looked abandon.

The 2000/2001 coffee marketing season is the second of very low producer prices resulting from falling world market prices. Many farmers who held on to their crop in anticipation of better prices have been disappointed by the price levels and have not sold. In addition, on-farm holding of coffee has further increased because exporters have greatly reduced purchases. Farm prices of green coffee have been very low, between 200 and 215 F CFA/kg. But this represents about 59 percent of the world market price, compared to a price range of 275 and 320 F CFA/kg in 1999/2000 which represented 45-50 percent of the world market price.

The production of cuttings by the Cutting Production Centers has come to a virtual standstill due to budget problems. Even the infrequent demands for cuttings are usually not satisfied and the few cuttings provided are said to be of low quality.

Green coffee and product exports accounted for 8.4 percent of Cote d'Ivoire's total export earnings in 2000. Green coffee exports rose in 2000 due to increased supply. However in 2001, exports are expected to fall due to the slump in world market prices.

The government has instituted professional dues of 10 F CFA/kg for coffee and 35 F CFA/kg for cocoa among the operators to support the sector. The total amount expected to be derived from these contribution is estimated at 37.5 billion F CFA. A study undertaken by HSBC bank on the reorganization of coffee and cocoa marketing is out and is being examined by the government and operators. The HSBC made four proposals of which two favored a private stabilization system. This system would re-establish price controls and control exporters' access to coffee and cocoa. It is supported by the government and smaller Ivorian exporters. Large multinational exporters are divided in their opinions. Although a grower group is represented on the committee and reportedly supports the private stabilization scheme, Agatt doubts the grower group really represents the interests of growers.

Exchange Rate: U.S. $1 = 741 F CFA on May 17, 2001.

PSD Table						
Country	Cote d'Ivoire					
Commodity	Coffee, Green				(1000 HA)(MILLION TREES)(1000 60 KG BAGS)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	1480	1480	1490	1490	0	1492
Area Harvested	1285	1285	1296	1296	0	1298
Bearing Trees	1613	1613	1626	1626	0	1630
Non-Bearing Trees	245	245	243	243	0	243
TOTAL Tree Population	1858	1858	1869	1869	0	1873
Beginning Stocks	1504	1504	1478	1347	0	2195
Arabica Production	0	0	0	0	0	0
Robusta Production	5700	5700	4333	4333	0	4700
Other Production	0	0	0	0	0	0
TOTAL Production	5700	5700	4333	4333	0	4700
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	7204	7204	5811	5680	0	6895
Bean Exports	5233	5354	4000	3000	0	3500
Roast & Ground Exports	3	3	3	3	0	3
Soluble Exports	430	440	450	420	0	450
TOTAL Exports	5666	5797	4453	3423	0	3953
Rst,Ground Dom. Consum	29	29	30	30	0	31
Soluble Dom. Consum.	31	31	33	32	0	33
TOTAL Dom. Consumption	60	60	63	62	0	64
Ending Stocks	1478	1347	1295	2195	0	2878
TOTAL DISTRIBUTION	7204	7204	5811	5680	0	6895

Production

Coffee production is forecast to increase in 2001/2002 due to fairly good rainfall and the fact that production falls at the upper side of the alternate cycle of coffee production. However, the expected increased production will be moderated by unsatisfactory rains in certain producing areas and poor farm maintenance. Coffee flowering started in late December and withered off due to drought conditions in January and February. Flowering resumed in late February and March and the subsequent rains helped in cherry formation. The respite of trees in the 2000/2001 crop year has favored tree vigor in 2001/2002 resulting in the formation of more cherries. However, low farm revenue has caused some farmers to neglect farm maintenance. In addition, 2001 rainfall has been unevenly distributed resulting in certain producing areas to have insufficient rains for crop development.

Field visit indicates that cherry formation is higher than the same period last year. In some few areas, around Sikensi in the south, Issia in the center-west and few areas east of Daloa, the cherry formation is comparatively lower than that of last year. There were many new plantations with young trees which were entering into production. While some farms looked clean and well maintained, there were a substantial number which have been overtaken by the bush and looked abandon.

Coffee marketing in 2000/2001 smarted under a second year of very low producer prices resulting from falling world market prices. Low producer prices started in the 1999/2000 marketing year. Due to the expected low production in 2000/2001, many farmers held on to their 1999/2000 crop in anticipation of a better price in the current marketing year. Many farmers have been disappointed and their holdings have increased with addition of the current crop. The situation has been worsened by the virtual absence of a market for the current crop. As a result of the low export margins, many exporters have not been encouraging upcountry crop purchases. Many middlemen and cooperatives interviewed reduced their crop purchases by 60 to 70 percent . Arrivals at the ports, Abidjan and San Pedro, have been scant.

Farm prices of green coffee have been very low, ranging between 200 and 215 F CFA/kg. Capral/Nestle, a local soluble coffee company, has been buying at a higher rate of between 250 and 255 F CFA/kg. The low farm prices still represents at least 59 percent of the world market price. Comparative figures for the same period in 1999/2000 were between 275 and 320 F CFA/kg, 45 and 50 percent of the world market price at that time.

Green coffee quality has been very good in 2000/2001. Farmers hired assistants at a rate of 15-20 F CFA/kg to help sort out defected and black beans. The depressed domestic coffee market has little tolerance for low quality coffee and farmers are obliged to supply only high quality coffee.

Due to budgetary problems and farmers’ precarious financial situation, the activities of Cutting Production Centers (CBC) for the supply of cuttings to farmers have virtually halted. The few demand for cuttings usually cannot be satisfied and any cuttings provided are said to be of low quality.

Consumption

Domestic consumption of green coffee fell about 10 percent in 2000 and is expected to remain unchanged in 2001 due to political instability and the downward trend of the economy. Domestic consumption consists mainly of processing into soluble coffee which accounted for about 95 percent of domestic green coffee consumption in 2000. Soluble coffee processing is undertaken by one firm, CAPRAL/NESTLE, which processes 420,000-460,000 bags annually. Processing of roasted and ground coffee is undertaken by five firms which account for about 5 percent of the domestic green coffee consumption.

Trade

Green coffee and product exports accounted for about 8.4 percent of Cote d'Ivoire's total export earnings in 2000. Green coffee exports rose in 2000 due to increased production. In 2001, exports are expected to fall due to the slump in world market prices.

Soluble coffee exports fell in 2000 due to the unstable political situation. Soluble coffee exports in CY 2000 were 400,140 bags against 453,137 bags in CY 1999. Exports in CY 2001 are expected to remain about the same level due to the uncertain political situation.

Cote d'Ivoire: Soluble Coffee Exports CY 1999 and CY 2000.
(Green coffee equivalent in 60 kg bags)

	1999	2000
Greece	286,693	271,527
Senegal	35,057	40,560
Mali	11,050	12,047
Niger	8,797	6,197
Nigeria	19,327	15,817
Others	55,770	53,992
Total	453,137	400,140

Export Trade Matrix			
Country	Cote d'Ivoire		
Commodity	Coffee, Green		
Time period	Jan-Dec	Units:	60 kg bags
Exports for:	1999		2000
U.S.	23917	U.S.	225583
Others		Others	
France	773567	France	1902317
Belgium	140267	Belgium	958300
Italy	231450	Italy	659217
Poland	203883	Poland	277500
Algeria	175817	Algeria	607117
Spain	97467	Spain	354883
Israel	32233	Germany	169833
Morocco	54983	Morocco	91617
Portugal	69000	Portugal	89233
		U.K.	88716
Total for Others	1778667		5198733
Others not Listed	156116		284317
Grand Total	1958700		5708633

Stocks

Stocks increased in 1999/00 and are expected to continue to increase in 2000/2001 due to the collapse of world market price which has rendered exports unattractive. Stocks consist mainly of coffee cherries held by farmers at farm level, green coffee with cooperatives and middlemen and those held at exporters' warehouses. Stocks are expected to continue to rise in 2001/2002 with the anticipated increased supply and the gloomy export market.

Policy

On January 31, 2001, the government instituted a professional dues of 10 F CFA/kg for green coffee and 35 F CFA/kg for cocoa to be paid by all operators according to their level of participation. The amount expected to be derived in the current marketing year is put at 37.5 billion F CFA. The fund is expected to be placed at the Central Bank and there will be an administrative organ to manage it. It is meant to be used to support the coffee and cocoa sector and the activities of producers. There are other suggestions by some farmers' group to use this fund to start their proposed forward sales and private Stabilization Board. However, there is as yet no concrete decision on the utilization of this fund.

A study undertaken by HSBC bank on the reorganization of coffee and cocoa marketing is out and is being examined by the government and operators. The HSBC made four proposals of which two favored a private stabilization system. One of the favored options is a recast of the former government stabilization board system. It includes the setting up of a minimum farm gate price at the beginning of each season; the refund of the loss in export sales by the board to exporters if prices fall; and repayment of the gain by exporters to the board in case of price rise. Quota will be allocated to exporters according to their financial position with 25 percent of the crop to be reserved to small exporters and cooperatives.

This system would re-establish price controls and control exporters' access to coffee and cocoa. It is supported by the government and smaller Ivorian exporters. Large multinational exporters are divided in this opinions. Although a grower's group is represented on the committee and reportedly supports the private stabilization scheme, Agatt doubts the grower's group really represents the interests of growers.

The Minister of Agriculture, Dr Alphonse Douaty, is leading the Ivorian delegation to the ACPC (Association of Coffee Producers Countries) meeting currently taking place in London. The meeting has as its main agenda the evaluation of the retention scheme established a year ago.